

MR. SILVA: Thank you, Madame Chair. A little bit about myself first. I want to let you know that I was on the original board of directors of the BECC when it started out, and I stepped down to manage the organization about three years ago. I've been working on the Commission ever since, and I want to let you know what we've been up to the last four or five years and the progress I think that we've made along the border.

When the NAFTA institutions were created and there was a discussion of how they would be set up, the BECC was created in part because of the concern by border residents for two things. One, they felt there was a lack of participation in decision making; that it was a top-down approach, and there was a big interest also in making sustainable development a big part of what happened on the border. Those were the two big issues that set up the BECC.

We are an international body. We have a ten-member board, five from each country. The majority of the members of the board are from the public, appointed by the president. That's a really different approach of looking at boards and institutions.

We have two primary functions, as stated in the agreement. One is to provide assistance to border communities to implement environmental infrastructure on the border and also certify projects to the NADBank and other lending institutions for construction.

We have three primary priorities also set out in the agreement, and that's water treatment and water supply, wastewater treatment and disposal, and municipal solid waste management. There's also been talk about getting us involved in what's termed "other related matters" in the agreement. I'll talk later about why we have not been able to get involved in those issues.

The last four years, what have we done? Well, we've set up cutting-edge criteria for projects, again, primarily public participation and sustainable development criteria that need to be met by the proponents before they can build their projects. We have a very successful TA program now -- technical assistance programs to assist communities. We have set up very good working relationships with the states. As Gregg mentioned, the states are big players in whatever we do in implementing the programs along the border.

The BECC now and the NADBank also work very well with other agencies that do similar work along the border in both countries.

Just some of the numbers, if you want to go through those. We've already approved over 100 technical assistance agreements with over 88 communities that total now about \$16 million. That has translated into certification of 32 projects now for 36 communities with a total construction value of almost \$700 million over the last four years.

What we're most happy about now is that we have five projects that have been completed and are in operation. Sixteen also are under construction currently. We hope to have those completed soon. We also have eleven in final design. And to give you an idea of the workload, we have a backlog of about 140 applications.

Next, a little bit about our technical assistance program, which is the meat of what we do. We've been very fortunate to have received, as Gregg mentioned, \$20 million from EPA through their Border Infrastructure Fund that they receive from Congress.

That has made really the big difference in our ability to assist communities.

The bad news is that the EPA funding is not eligible for solid waste projects, so the only money that we have for our solid waste program is part of our operating budget. And, unfortunately, because of the cuts we've had recently we have zero funds this year for our solid waste program.

There was a question of the earlier panel that they referred to us, and I want to talk a little bit about that. What are the needs out there? We worked very closely with SCERP, the Southwest Consortium for Environmental Research and Policy, which is made up of nine universities in both countries. They did a study for us of an estimate of what the current needs are for water, wastewater, and solid waste infrastructure in both countries, and they came out with a low figure of about 1.5 billion dollars, a medium figure of about 3.5 billion dollars, and a high figure of about 6.5 billion dollars.

So we've been using the mean estimate, which is about \$3.3 billion as our estimate. It's roughly

split about half and half in Mexico and the U.S. currently.

I wanted to highlight that we've certified 32 projects with about \$700 million in construction value. That gives you an idea about what we've been able to do with respect to the need. And so you can see there's still quite a bit of need out there, and that doesn't take into account the growth that we're expecting.

You heard earlier that the population probably will double by the year 2020. Again the \$3 billion are for current needs, not future needs. And again, those figures don't include things like air quality or transportation and other border infrastructure needs.

Despite the good work that I think we both in the BECC have been doing, we have a number of challenges. One of them is, as has been mentioned, that the population growth along the border doesn't look like it's going to stop any time soon. We expect the population to double fairly soon. That brings with it increased trade, economic development, and strain on the

environment and resources, mainly water. If you look at the border, the biggest need is for water supply.

We've also seen along the border a big need for human development and human capital. The border is one of the poorest areas in the United States and we see that the smaller communities are being left behind. They don't have the human infrastructure to plan and to implement projects.

There's a lack of institutional capacity that we're very concerned about for sustainable development, to make sure when these projects are built that they're operated for the long term, and there's a big need for capacity building for these smaller border communities.

So what are we doing about it? One of the strategies we're trying to implement to try to meet these challenges is to work closely with EPA and the other agencies to perform a border-wide strategic plan. I think the work that we did on the needs assessment and the work that's being done by Border XXI are a good basis to develop a strategic plan and have a better idea of the needs.

Obviously, we need additional funding; we have to secure additional funding to move forward. One thing we're working on with the NADBank on is to see how we can better involve the private sector in all this. How can we bring that capital to help us implement infrastructure?

Again, capacity building -- we have to work with Mexico on this issue. And also, we're getting calls to get involved in other issues: air quality being probably the number one issue that people are asking us to look at, but there's also things like industrial waste control. And so we have to develop responses about how we can move forward with these issues.

But again our initial concern is how we can attract more funding for our programs.

Thank you very much.

COMMISSIONER HILLS: Thank you, Mr. Silva.

Next we call on Victor Miramontes, Managing Director and Chief Executive Officer of the North American Development Bank. Welcome.